

STAR EXEMPTION EXPANDED FOR FARMERS

By: Richard D. Boyle

The School Tax Relief (STAR) exemption grants a partial exemption from school taxes for many one, two or three family residences and farm dwellings provided, however, the property is a primary residence and owner occupied.¹ The STAR Exemption also applies for farm dwellings held by partnerships, s-corporations or c-corporations where a partner or shareholder uses the farm dwelling as his or her primary residence.²

However, for many years, farm dwellings owned by limited liability companies were not entitled to the STAR exemption although corporations and partnerships were entitled to the exemption. With the increased popularity in the agricultural community of forming LLC's to hold real estate, this left many owners without the ability to use the STAR exemption. We can only assume that it is because at the time of the enactment of the STAR exemption, LLC's were a fairly new concept relative to partnerships and corporations.

On December 21, 2015, Governor Cuomo signed into law a bill that our partner, William B. Magnarelli, introduced (A1421) which amends New York Real Property Tax Law § 425 to extend the STAR Exemption to farm dwellings owned by LLC's, which serve as the primary residence for one or more of the members. This is a significant benefit to clients who have their residences owned by LLCs.

For more information on STAR exemptions and how this new legislation may impart you, please contact the Scolaro Law Firm.

¹ RPTL § 425(3)

² RPTL § 425(3)(d)(i),(ii)